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Current Developments in
THE FARM REAL ESTATE MARKET

Agricultural Research Service
UNITED STATES DEPARTMENT OF AGRICULTURE

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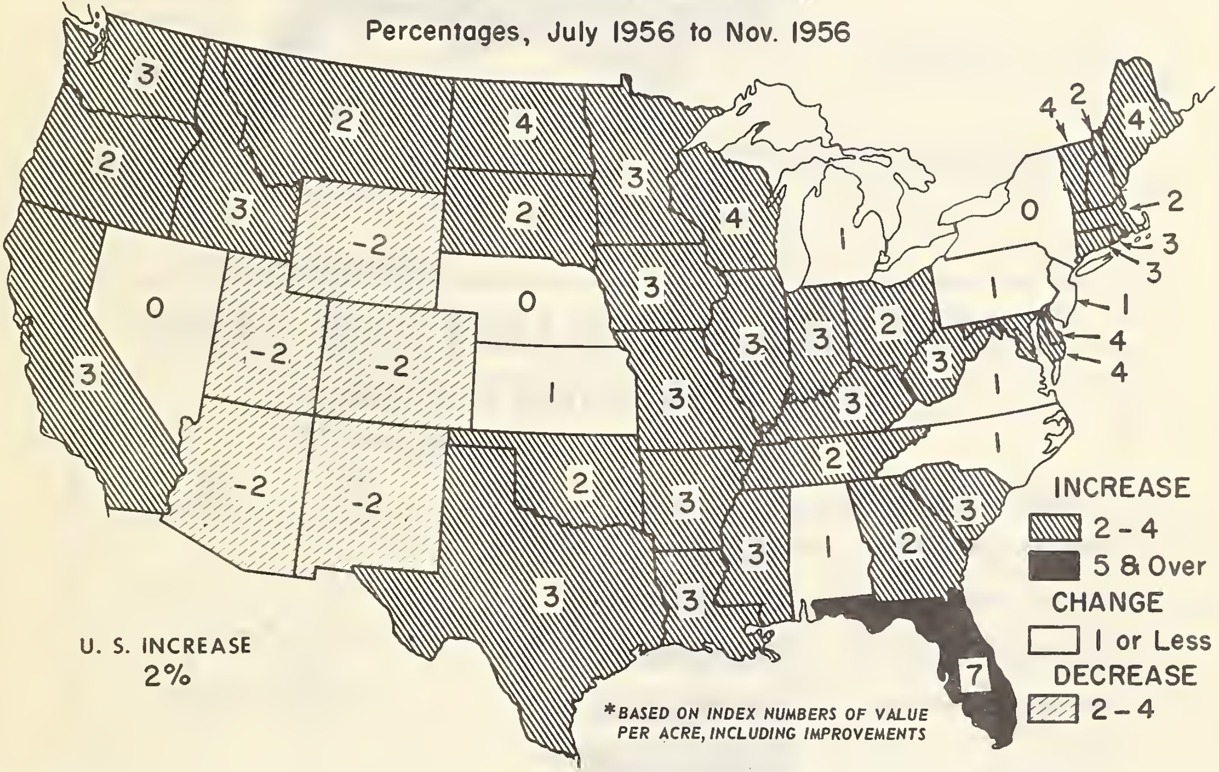
CHANGES IN DOLLAR VALUE OF FARMLAND*

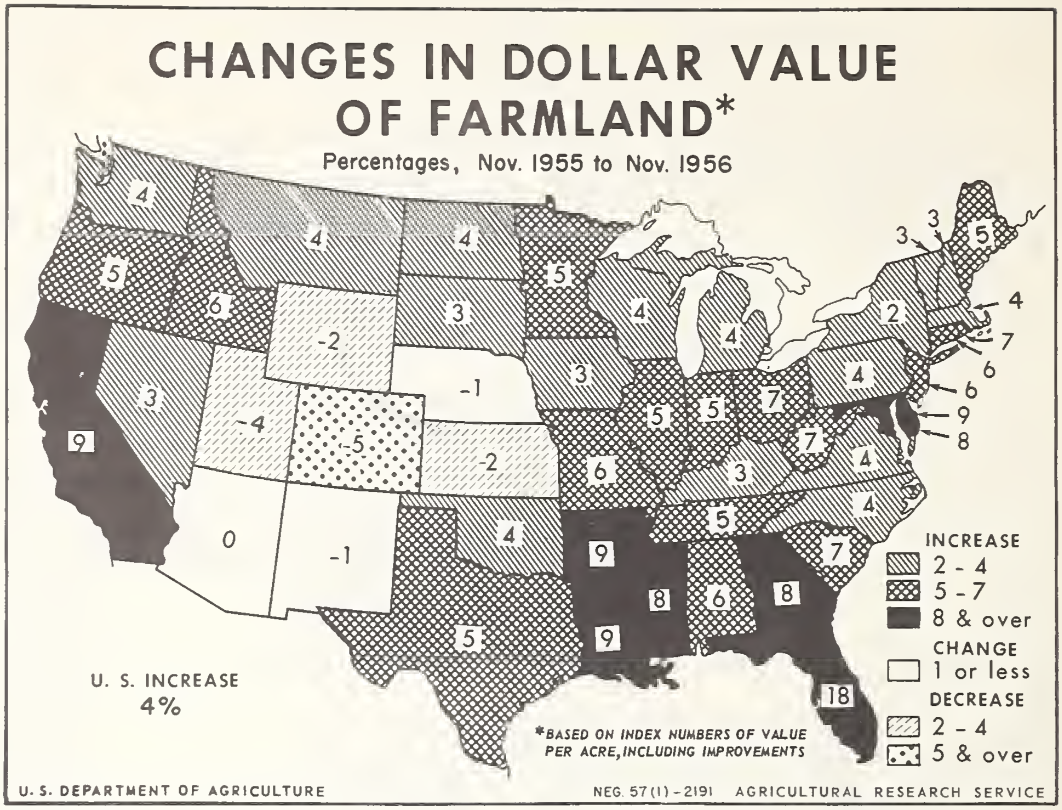
Percentages, July 1956 to Nov. 1956



*BASED ON INDEX NUMBERS OF VALUE PER ACRE, INCLUDING IMPROVEMENTS

U. S. DEPARTMENT OF AGRICULTURE NEG. 57 (1)-2190 AGRICULTURAL RESEARCH SERVICE

Farm real estate values increased 2 percent or more in 33 States in the 4 months ended November 1, 1956. Declines occurred in 5 Western States. Values were essentially unchanged in the remaining 10 widely scattered States. The United States index was 143 percent of the 1947-49 average value, a new record high, and 4 percent above a year earlier. The general pattern of change in land values during the 12 months ended November 1, 1956, was similar to that of the July to November part of the period.


CHANGES IN DOLLAR VALUE OF FARMLAND*
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*BASED ON INDEX NUMBERS OF VALUE PER ACRE, INCLUDING IMPROVEMENTS
U. S. DEPARTMENT OF AGRICULTURE
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Figure 1

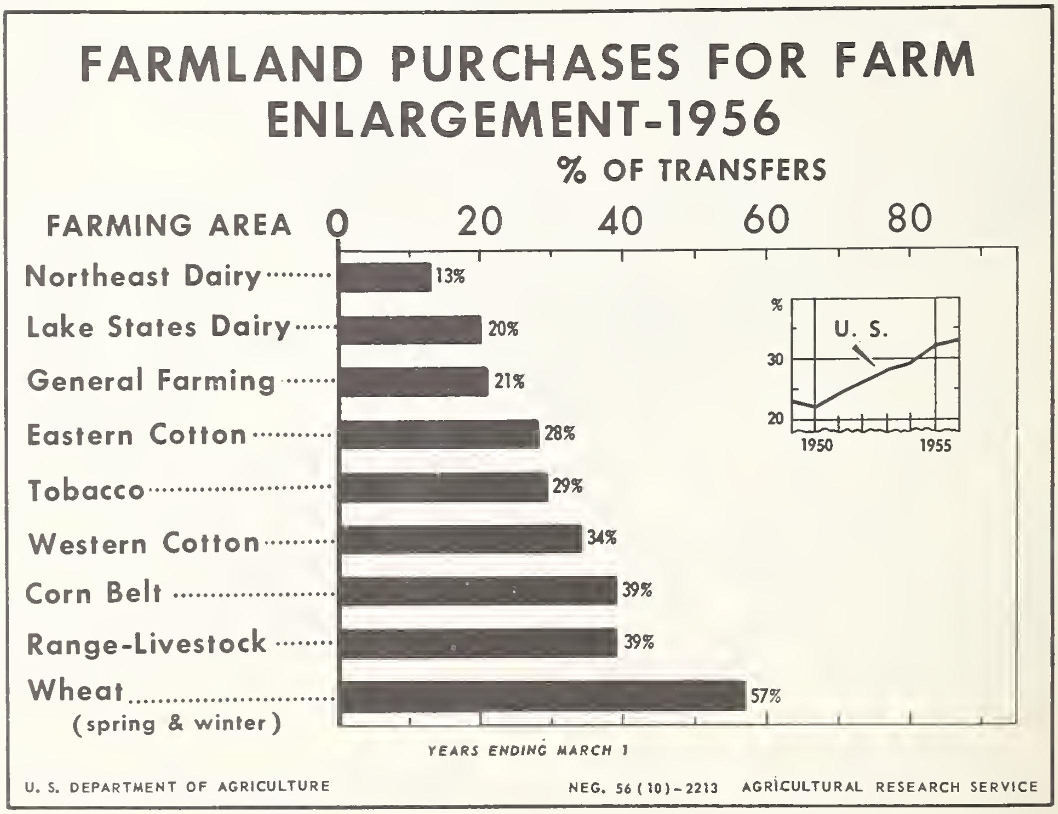

Figure 2

CURRENT DEVELOPMENTS IN THE FARM REAL ESTATE MARKET

Approved by the Outlook and Situation Board, March 18, 1957

SUMMARY

The estimated market value of farm real estate in the United States was 2 percent higher on November 1, 1956, than 4 months earlier. The national index, at 143 percent of the 1947-49 base, was 4 percent above a year earlier and a new record high. Declines in the value of farm real estate in the July to November 1956 period were limited to 5 States in the Mountain region where drought was largely responsible. Values were largely unchanged in the Northern Plains States but they advanced by 2 to 3 percent in the remaining regions.

The farm real estate market during the summer and early fall was less active than a year earlier. Sales volume was somewhat lower. The supply of farmland for sale continued at the low level of recent years; and inquiries for farmland were less frequent in most areas, particularly in the winter wheat and western cotton areas. Farmers who already owned land continued to be the most important source of inquiries in regard to the purchase of farm real estate, followed, in order, by tenants, nonfarm investors, and other nonfarmers. Financing of farm purchases was more difficult to arrange and interest rates charged on farm mortgage credit were higher than in the early spring. Farm mortgage interest rates generally were lowest last fall on funds borrowed from the Federal land banks, and highest on commercial bank loans. Interest rates of insurance companies and individual lenders were between the extremes, with rates charged by individuals above those of insurance companies.

Sellers, primarily individuals, of farmland were the most important source of credit for the purchase of farm real estate in the year ended March 1, 1956. They provided the credit for 37 percent of all credit-financed purchases of farmland. Local banks and insurance companies were of nearly equal importance as sources of credit to purchase farm real estate; they financed 19 and 18 percent, respectively, of all buyers. Federal land banks provided the mortgage funds for 10 percent of the buyers and the remaining 16 percent were financed by other individuals, unclassified sources, or combinations of 2 or more lenders.

New data on the investment preferences of rural people showed that farmers with surplus funds generally chose bonds or farm mortgages as their first-or second-choice investment, and they preferred farmland to be rented to others over stocks. In the eastern Corn Belt, winter wheat, and central and western cotton areas, farmland was their first choice. Local business and professional people universally preferred stocks and bonds to farmland or farm mortgages, although they preferred the latter to ownership of farmland.

LAND VALUES-NOVEMBER 1956

During the summer and early fall of 1956, the market value of farmland continued the upward trend that began in early 1954. The national increase of 2 percent during the 4 months ended November 1, 1956, was a result of increases of 2 percent or more in 33 States, little change in values in 10 scattered States, and declines of 2 percent in 5 Western States. As of November 1, 1956, the United States index of land values, at 143 percent of the 1947-49 base period, was 4 percent above a year earlier. The November index was 12 percent above the late 1953 low, and nearly 8 percent above the mid-1952 peak. As a result, the November 1956 indexes for the United States and for 34 States were at new record highs.

Value Changes from Summer to Fall

The increase in the Northeastern region averaged nearly 2 percent in the 4 months ended November 1, 1956 (table 1). In New York, New Jersey and Pennsylvania, values were largely unchanged while increases of 2 to 4 percent were recorded in the remaining 8 States. Values averaged 3 percent higher in the Corn Belt, Lake States, Southeast, and Delta States with little variation among States. Florida was the outstanding exception. The value of farmland in that State increased by 7 percent during the period, the largest increase recorded for any State. Values were 2 percent higher in the Appalachian States, although little change occurred in Virginia and North Carolina.

Changes in the Great Plains States ranged from none in Nebraska to a 4-percent increase in North Dakota. In parts of Nebraska and Kansas, values were apparently held down by drought. Although drought extended over much of Oklahoma and Texas, it did not affect values as much there as in nearby States; the Southern Plains region showed an average increase of 2 percent. Adverse weather had less effect on the level of farmland values in Texas and Oklahoma because of substanial income from mineral activity and other nonfarm influences. Large portions of the central and southern States of the Mountain region were also hard hit by drought. Land values declined by 2 percent in Wyoming, Colorado, New Mexico, Arizona, and Utah, and were unchanged in Nevada. Elsewhere in the West, values were 2 to 3 percent higher last November than 4 months earlier.

Values Up 4 Percent for the Year

The general pattern of change in land values during the 12 months ended November 1, 1956, was similar to that of the last 4 months of the period. Decreases were confined to those areas most severely affected by drought, with values in Texas and Oklahoma not as responsive to that factor as in other States in the drought area. (See Figure 1, inside front cover.) Colorado showed the largest decline from a year earlier--5 percent. In the surrounding States, values were down sharpest in Nevada (4 percent) while smaller decreases (2 percent) were reported for Wyoming and Kansas. Values of Nebraska and New Mexico farmland were only slightly lower, down 1 percent, while values of farmland in Arizona were unchanged.

Table 1.- Percentage change in index of average value of farm real estate per acre, by farm production regions, selected periods, 1954-56

Farm production region 1/	Change during year ending November-			Change during 4 months ending November-		
	1954	1955	1956	1954	1955	1956
	Percent	Percent	Percent	Percent	Percent	Percent
Northeast	+1	+5	+4	0	+2	+2
Corn Belt	+5	+6	+4	+2	+2	+3
Lake States	+2	+8	+4	+2	+4	+3
Appalachian	+2	+4	+5	+1	+2	+2
Southeast	+2	+5	+10	0	+2	+3
Delta States	+1	+5	+9	+1	+2	+3
Southern Plains	+3	+3	+4	+1	-1	+2
Northern Plains	+2	+5	-1	+2	+1	+1
Mountain	+2	+3	0	0	+1	0
Pacific	+3	+4	+8	+2	+2	+3
United States	+2	+5	+4	+1	+1	+2

1/ See figure 9, page 30, for location of regions.

Elsewhere, State average values increased by 3 percent or more except in New York, where they were up 2 percent. Increases equaling or exceeding 5 percent were shown for 24 Central, Southern, and Far Western States. Values in Florida were strongly influenced by the nonagricultural economy of the State. They were up 18 percent, the largest increase recorded for any State. California, where farmland was subject to influences similar to those in Florida, registered a 9-percent increase in values.

Many Factors Contribute to Increases in Value

The recent history of land values shows that beginning with the March to July 1954 period, land values advanced 1 or 2 percent in each suceeding 4-month interval. Thus the November 1956 level, which is 12 percent above the late-1953 low, was reached by a slow, steady upward trend, with only minor fluctuations at the national level. Annual changes during the 3 years reflect this gradual increase. From November 1953 to November 1954, the increase was 3 percent. This was followed by a 5-percent increase in the suceeding 12 months, and in the most recent year values were up an additional 4 percent.

These increases occurred while prices received for farm products and realized net income of farm operators were dropping from the postwar high level. By 1955, farm income had declined 25 percent from the 1951 all-time high.

Income during 1956 was up 4 percent from the previous year. The combined effect of other forces, both within and without agriculture has been strong enough to offset the effect of reduced farm income on land values.

The strongest of the forces within agriculture has been the demand from existing farmers for additional land with which to enlarge their present operations. Such purchases have become increasingly numerous in recent years, rising from 25 percent of the total in 1950 to more than a third of all purchases during the year ended March 1, 1956. They have been most important in the wheat and central Corn Belt areas. (See Figure 2, inside front cover). 1/

The enactment of the Soil Bank program is a more recent development that will influence the market for farmland. Its full effects are not apparent as yet.

Some of the forces at work in the farmland market which have their origin outside agriculture include urban and industrial expansion, continued demand for part-time farms and rural residences, and the high level of activity in the general economy. Nationally, 30 percent of the respondents in the October 1956 survey indicated that such nonfarm influences were present in their localities. The incidence of nonfarm influences was highest in Florida and California, and along the Gulf Coast, where more than half the respondents reported such influences in their local communities. The farm real estate market in the western Corn Belt and the spring wheat areas was least affected by such forces. Generally, the eastern and southeastern areas were affected more than those to the north and west. An exception however, was the northern range livestock area where nonfarm influences were reported as frequently as in the central cotton areas and New England.

In recent years, the attitudes and beliefs of both farm and nonfarm people toward farmland has tended to limit the supply of farmland for sale and to sustain demand in the face of lower farm income. Many people continue to view farmland as a safe and desirable long-term investment, although they recognize that other investments may yield higher current returns. The prospect of a growing population and a fixed supply of land is believed to assure a slow but steady increase in the price of farmland. As explained by a Nebraska reporter:

> "Farmland as an investment in our area has been good but mostly because of the rise in land prices. At present prices and reduced income, plus restricted acreages, the net will be low. But it is a safe place for an investment as it is always there--you can see it and make it a bit more profitable by proper management. The demand for food products can only go up in years to come and the land must be the chief source of the food needs."

Many people tend to base expectations of the future on the past. The general increase in land values that has occurred since the 1930's provides an apparent

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1/ For a more complete analysis of the effect of purchases of farmland for farm enlargement on the farm real estate market, see U. S. Agricultural Research Service, ARS 43-25, Current Developments in the Farm Real Estate Market, November 1955, page 11.

foundation for still further increases in land values.

The effect of increasing food requirements on land values is likely to be held to a minimum by technological gains already known or that can be reasonably foreseen. A study of the long-term prospects for farm products suggests that, barring unforeseen emergencies, such as war or extended drought, and making conservative estimates of future gains in technology, our agricultural plant has sufficient productive capacity to meet food and fiber requirements for an expanding population. 2/ Instead of "food enough?" the question may more likely be how the increased production needs can be met efficiently and how the products can be marketed with returns to agriculture that will be comparable to those of other sectors of the economy. Thus a "scarcity value" of land arising from pressure of the population on food supplies appears to be a rather remote possibility so far as the next generation is concerned.

Although our land area is fixed, we are constantly making "more land" by increasing the quantities of food and fiber the land produces. How this is accomplished will probably become a more pertinent question than whether it can be done. Practically all of the 10-percent gain in farm output in the last 8 years has come from the additional capital and management that has been applied to land, and these inputs must also share in the increased returns. This does not necessarily mean lower dollar returns to land, if total returns to all productive factors are increasing, but it does suggest that only a part of these increased returns is likely to become capitalized into land values.

New industrial processes developed in recent years, such as synthetic fibers and synthetic production of carbohydrates and proteins, suggest that perhaps a part of the increased need for feed and fiber can be met by industrial processes.

In addition to production of food and fiber, land also has the important function of providing living space for a growing population. Although the area taken up by residential and industrial uses, highways, and similar nonfarm uses is about 1 million acres annually, a somewhat larger area is withdrawn from the farm real estate market and held for such future uses. More important, however, is the speculative element that motivates many sellers and buyers when land having potential site value is involved. Errors in pricing such lands probably occur more frequently than in pricing land for strictly farming purposes. Also, there are important carryover effects throughout a farming community when even a few properties are sold for nonfarm uses. Consequently, many farms are priced at a higher level than can be supported by prospective farm income.

2/ Barton, Glen T., and Rogers, Robert O., FARM OUTPUT--Past Changes and Projected Needs. U. S. Dept. Agr., Agr. Inform. Bul. 162, August 1956; and Daly, Rex F., "The Long-Run Demand for Farm Products, "Agricultural Economics Research, 8:73-91 July 1956.

Selling Prices Expected to be Slightly Higher

Farm real estate reporters were asked in the October survey, as in earlier years, whether they expected land values in their areas to increase, change little, or decline during the 6 months following the date of the survey. 3/

Last fall, about three-fourths of the reporters in most areas expected little change in values in the following 6 months. Compared with the 1955 survey, however, the distribution of reporters expecting some change showed indications of continued increases in values. This tendency was most pronounced in the eastern Corn Belt, eastern and central cotton and tobacco areas. In the West, irrigated land values were expected to be largely unchanged while values of dry farming and grazing land were expected to increase.

CURRENT MARKET

Volume of Sales Down

Although a quantitative measure of the volume of farm sales during 1956 is not yet available, indications provided by the October survey are that volume during the summer and fall was somewhat lower than a year earlier. The only areas with possible increases in sales were the Northeast, spring wheat, burley tobacco, and eastern cotton areas. Transfers were at about the same rate as in 1955 in the eastern Corn Belt and central cotton areas. Declines

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3/ The material in this and succeeding sections of this publication is based on the replies to a mail survey of the Department's farm real estate reporters made last October. Separate questionnaires were sent to 2 groups of reporters: (1) Farm real estate dealers, and (2) local bankers, lawyers, abstractors, county officials, local representatives of lending agencies, and others familiar with the farm real estate market in their locality. Usable replies were received from about 5,000 reporters, most of whom have responded in previous surveys. As both groups are in close contact with sellers and buyers and are believed to keep well informed as to current market trends, their opinions are considered to reflect those held generally within their communities.

Many of the questions asked reporters had to do with whether a particular phenomenon had increased, changed little, or decreased during the several months preceding the date of the survey compared with the same period a year earlier. Although the percentage distribution of replies to each of the three possible answers does not provide a quantitative measure of the change, comparisons with replies to similar questions in earlier surveys provide an indication of the direction of change.

were sharpest in the western cotton and California specialty areas.

As these changes relate primarily to voluntary transfers of ownership, reporters were also asked for information on the number of distress transfers occurring between January and October 1956, and how the number compared with the same period of 1955. Only 13 percent of all reporters knew of any such transfers in their community in 1956. (See table 2). This figure ranged from 8 percent in the eastern Corn Belt to 20 in the southern range livestock area. The proportion varied between 13 and 18 percent in 9 of the 13 major areas.

More than three-fourths of all reporters were of the opinion that the number of distress transfers had been about the same as in the previous year. The rest were equally divided between those who reported that the current number was more and those who reported that it was less than in the previous year. This indication of little change was common to most areas, except the western Corn Belt, winter wheat, western cotton and western range livestock areas, where the number reporting more distress transfers was at least twice as high as those reporting fewer. However, approximately 70 percent of all reporters saw no change.

Nearly two-thirds of the 87 percent who did not report any distress transfers said that there had been none in their community. As most answers were zero, it can be assumed that the primary cause for failure of the remaining third to answer the question was that there were no distress transfers to report. These data suggest that the incidence of distress transfers was at a low level in 1956, and that it showed no significant increase compared with the previous year.

As farm auctions are frequently used to sell farm real estate when farm businesses are liquidated, reporters were also asked what change, if any, they had observed in the number of auction sales that had occurred last spring. Nationally, three-fourths of the reporters said the number was about the same as in previous years. Of those who noted a change, 11 percent said the number of farms sold at auction was higher than a year earlier, but 14 percent said the number was smaller. This pattern of replies, which suggests that the number was either about the same or a little less, was observed in 14 of the 20 type-of-farming areas.

Supply of Farmland Offered For Sale Remains Low

The number of farms on the market last summer and fall was largely unchanged from 1955. Reports from nondealers showed that some increase may have occurred in the spring wheat, western Corn Belt, and western range livestock areas, while possible declines were reported for the Lake States cutover, tobacco, central cotton, and northwestern dairy areas.

A slightly different indication of supply was provided by farm real estate dealers who reported the number of farm properties they had listed for sale last fall. These data show a slight decline in the number of farms

Table 2.- Frequency of farm distress transfers, January-October, 1956, selected type-of-farming areas, October 1956 farm real estate survey 1/

Type-of-farming area 2/	Total response, Oct. '56 survey	Percentage not answering transfer question	Percentage reporting zero transfers	Percentage reporting 1 or more transfers	Number of distress transfers compared with a year earlier		
					More	About the same	Less
	Number	Percent	Percent	Percent	Percent reporting		
Northeast dairy	252	42	43	15	10	75	15
Lake States dairy	254	31	59	10	7	80	13
General farming	577	36	51	13	12	73	15
Eastern corn belt	191	22	70	8	7	80	13
Western corn belt	428	24	62	14	14	80	6
Spring wheat	194	30	53	17	12	74	14
Winter wheat	114	26	56	18	23	68	9
Eastern cotton	226	49	35	16	11	77	12
Central cotton	190	35	50	15	8	83	9
Western cotton	181	31	53	16	20	70	10
Northern range livestock	165	28	55	17	15	79	6
Southern range livestock	122	34	46	20	22	71	7
California specialty	87	23	66	11	9	82	9
United States 3/	3,250	33	54	13	12	76	12

1/ Based on the following question asked nondealer reporters: How many farm owners in your community have been forced to sell their farms thus far in 1956 because of financial distress? Include actual mortgage foreclosures, bankruptcy, default of contract, sales to avoid foreclosure and similar circumstances.

2/ See map, page 30, for location.

3/ Includes 8 additional areas not listed above.

listed for sale, except in the tobacco area. Listings were largely unchanged in the winter wheat, central cotton, and northern range livestock areas.

Fewer Inquiries For Farmland in Most Areas

The number of inquiries about purchasing farmland was somewhat less last summer and early fall than a year earlier in 8 of the 13 major type-of-farming areas. Indications of decline were strongest in the winter wheat and western and central cotton areas. Some increase was noted in the spring wheat and eastern cotton areas.

Farmers who already owned land were the most frequent source of inquiries about purchasing farmland in 1956. Dealers indicated that 47 percent of their inquiries during last summer and early fall were from owner-operators, compared with 40 percent a year earlier (table 3). This increase in inquiries from farmer-owners was typical of most major type-of-farming areas, although a slight decline was observed in the eastern cotton area and little change occurred in the western cotton and southern range livestock areas. Inquiries from owner-operators were most frequent in the wheat and northern range livestock areas. This reflects the relatively high level of demand for land to enlarge present farming operations that has been characteristic of these areas for the last few years.

Table 3.- Demand for farmland: Dealer's estimates of occupation of persons making inquiries to buy, selected type-of-farming areas and United States, March-October 1955 and 1956

Type-of-farming area 1/	Proportion of all inquiries from:							
	Owner-operators		Tenants		Nonfarm investors 2/		Other Nonfarmers 3/	
	1955	1956	1955	1956	1955	1956	1955	1956
	Percent		Percent		Percent		Percent	
Northeast dairy	27	31	12	12	31	23	30	34
Lake States dairy	32	43	28	22	18	12	22	23
General farming	32	40	19	18	29	19	20	23
Eastern corn belt	42	52	29	21	21	15	8	12
Western corn belt	43	49	38	28	14	14	5	9
Spring wheat	50	64	39	27	6	6	5	3
Winter wheat	53	64	17	16	22	13	8	7
Eastern cotton	38	32	15	20	34	25	15	23
Central cotton	41	43	18	20	25	14	16	23
Western cotton	45	44	13	16	28	23	14	17
Northern range livestock	53	60	21	20	14	11	12	9
Southern range livestock	50	50	17	18	17	18	16	14
California specialty	45	50	8	7	32	24	15	19
United States 4/	40	47	23	20	22	17	15	16

1/ See map page 30 for location of each area.

2/ It is difficult to make a clear distinction between nonfarmer investors and other nonfarmer buyers in such areas as the northeastern dairy, general farming and eastern cotton. It seems likely that the proportion shown for nonfarmer investors is overstated in these areas.

3/ This category was "all others" in the 1955 survey.

4/ Include 8 additional areas not listed above.

Tenants were more active seekers of farmland during 1956 only in the 3 cotton areas. In the Lake States, Corn Belt, and spring wheat areas, inquiries from tenants were less frequent than in 1955. They were at about the same level as a year earlier in the remaining areas. Nationally, inquiries from tenants represented 20 percent of the total, somewhat below the 1955 level. Interest in farmland by nonfarmers was reported to be less than a year earlier in 10 of the 13 major areas. Nationally, nonfarm investors declined from 22 percent of total inquiries to 17 percent. Other nonfarmers, primarily those seeking rural homesites and part-time farms, were most active in such densely populated areas as the Northeast, Lake States and California specialty areas, as well as in the eastern and central cotton areas. They accounted for nearly a fourth of the inquiries in such areas.

Financing of Farm Purchases More Difficult

The general increase in interest rates in central money markets and the reduced supply of funds that occurred in 1956 were also reflected in the farm mortgage market. Dealers in 16 of the 20 type-of-farming areas reported that it was more difficult to obtain financing for buyers last fall than a year earlier, and nearly half of the nondealer reporters said that interest rates had increased in their communities. Loan limits were largely unchanged during the summer. Indications of a possible reduction in limits were present in the southern range livestock and winter wheat areas. Appraised values were lower in the southwestern areas, although changes were generally minor.

Interest Rates Vary Among Lenders

Federal land banks charged the lowest interest rate of any important source of farm mortgage credit in the fall of 1956. The Land Bank rates are uniform throughout the district served by each of the 12 banks. As of October 1, they were highest-5 percent-in the Springfield, Baltimore, and Columbia bank districts. The New Orleans, St. Louis, St. Paul, Berkeley, and Spokane banks charged 4.5 percent while the rate at the remaining 4 banks was 4 percent. [4]

Interest rates charged by other major types of lenders last fall were determined in the October survey. Among these lenders, lowest rates were those of life insurance companies, followed by individuals and commercial banks. The relationship between the latter two was not uniform in all areas, but the difference was generally small.

Life insurance company rates were lowest in the central part of the country and slightly higher elsewhere, with little variation between areas (table 4). Rates charged by individuals showed more variation and were highest in southern areas. The level in the West was slightly lower, as rates in the winter wheat and general farming areas were between those of the West and the lowest levels of the central areas. Even more variation was evident in the case of commercial banks. Again, rates were lowest in the Corn Belt, Lake States dairy, and Northeastern areas; they tended to increase with distance from these areas.

These data, plus comments of reporters suggest that purchasers of farmland who were able to meet lender requirements could obtain mortgage credit quite readily early last fall, although at higher rates of interest. Prospective borrowers who were located on lower quality farmland or were seeking large loans in relation to purchase price, found it more difficult to obtain the necessary funds.

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[4] Since October 1, rates have been increased to 4.5 percent in the Omaha and Wichita bank districts and to 5 percent in the Louisville, New Orleans, St. Louis, St. Paul, Houston, Berkeley, and Spokane districts. The rate in the Springfield district has been increased to 5.5 percent.

Table 4.- Farm mortgage interest rates: Reporter's estimates of rates charged by type of lender, selected type-of-farming areas and United States, October 1, 1956

Type-of-farming area 1/	Individuals	Life insurance companies	Commercial banks
	Percent	Percent	Percent
Northeast dairy	5.4	5.0	5.4
Lake States dairy	4.8	4.8	5.3
General farming	5.9	5.1	6.0
Eastern corn belt	5.0	4.6	5.0
Western corn belt	4.9	4.7	5.1
Spring wheat	5.3	5.0	5.8
Winter wheat	5.7	4.8	5.8
Eastern cotton	6.6	5.4	6.5
Central cotton	6.7	5.1	6.1
Western cotton	6.5	5.1	6.1
Northern range livestock	6.1	5.0	6.0
Southern range livestock	6.0	5.1	6.2
California specialty	6.2	5.1	5.9
United States 2/	5.7	5.0	5.9

1/ See map page 30 for location of each area.
2/ Includes 8 additional areas not listed above.

INVESTMENT PREFERENCES OF RURAL PEOPLE

Relatively little is known about the investment preferences of the various income or occupational groups of our population, yet such preferences have a direct bearing on recent developments in the farm real estate market. Previous surveys have indicated that a strong inclination exists for present owners to retain ownership of farmland despite reduced rates of return. Likewise, demand has been maintained in part because a significant number of buyers see unique advantages in land as an investment. Many subjective considerations in addition to rate of return enter into such preferences. Custom, inadequate knowledge of alternative investments, aversion to, or preference for, risk, and desire for diversification vary among individuals and groups and cannot be measured readily. An attempt was made in the October survey to obtain the judgments of local reporters with respect to the preferences they believed farmers and nonfarmers had when they considered various investment alternatives.

Although the replies undoubtedly reflect in part reporters' preferences, there was surprising uniformity over substantial areas of the country. 5/

Farmers Prefer Bonds and Farm Mortgages

Nationally, about three-fifths of the reporters said they believed that bonds and farm mortgages were the first or second choice of farmers who had surplus funds to invest. About half ranked farmland to be rented to others in third or fourth place, and more than three-fifths ranked stocks in this position. Relative rankings for farmland, mortgages, and bonds varied appreciably among areas, but there was almost univeral agreement that stocks ranked fourth in all areas (table 5). In 4 areas - eastern Corn Belt, winter wheat, and central and western cotton areas - farmland ranked in first place. Farmland was ranked below stocks in the eastern dairy, Lake States cutover, eastern cotton and northern range livestock areas, although the margin in several of these areas was slight. Estimated net returns from farmland tend to be low in most of these areas, and management of rented land often presents a problem.

Many reporters commented that if farmland was to be operated by the owner, rather than by renting to others, they would have rated it higher. The extent of purchases of additional land for farm enlargement confirms this view. Also, it may be observed that from the viewpoint of diversification of investments, farmers would logically prefer lower risk and fixed dollar investments like bonds or mortgages when the bulk of their funds was already invested in the farms they were operating.

Nonfarmers Prefer Stocks and Bonds

Reporters in all areas said they believed that nonfarmers preferred stocks and bonds to farmland or farm mortgages. Farmland was ranked in third place ahead of farm mortgages only in the eastern Corn Belt and southern range livestock areas. Elsewhere, farm mortgages and farmland were ranked in third and fourth places, respectively.

Although these results assign a low order of preference on the part of nonfarmers as a group for farmland, the desire for diversification on the part of some nonfarm investors would probably direct their attention to farmland. Possible tax savings that can accrue from the ownership of farmland by individuals with certain levels of income from nonfarm sources are known also to

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5/ Nondealer reporters (primarily local bankers, lawyers, and representatives of lending agencies) were asked how people in their communities with surplus funds to invest tended to rate 4 specified classes of investments: (a) Farmland to be rented to others, (b) farm mortgages, (c) stocks, and (d) bonds. Answers were given by ranking these investments in order of preference by farmers, and by local business and professional people with surplus funds to invest. About 1,600 reporters replied to this question.

Table 5.- Reporter's opinions of the relative rank assigned to selected alternative investments by farmers and local business and professional people with surplus funds, selected type-of-farming areas and United States, October 1956 1/

Type-of-farming area 2/	Farmers				Local business and professional people			
	Farmland 3/	Farm mortgages	Stocks	Bonds 4/	Farmland 3/	Farm mortgages	Stocks	Bonds 4/
	Relative importance				Relative importance			
Northeast dairy	4	2	3	1	4	3	1	2
Lake States dairy	3	1	4	2	4	3	1 & 2	1 & 2
General farming	3	2	4	1	4	3	2	1
Eastern corn belt	1	2 & 3	4	2 & 3	3	4	2	1
Western corn belt	2 & 3	2 & 3	4	1	4	3	2	1
Spring wheat	3	2	4	1	4	3	2	1
Winter wheat	1	2 & 3	4	2 & 3	3 & 4	3 & 4	2	1
Eastern cotton	4	3	1 & 2	1 & 2	4	3	1 & 2	1 & 2
Central cotton	1	2	4	3	4	3	1 & 2	1 & 2
Western cotton	1	3	4	2	4	3	1	2
Northern range livestock	4	2	3	1	4	3	1	2
Southern range livestock	1, 2 & 3	1, 2 & 3	1, 2 & 3	4	3	4	2	1
California specialty	3	1	2	4	4	3	1	2
United States 5/	3	2	4	1	4	3	2	1

1/ Based on replies to the following question asked nondealer reporters in the October 1956 survey: "How do people in your community who have surplus funds to invest tend to rate the following types of investments? Please rank each investment in order of preference, 1, 2, 3 or 4 for each class of investor."

2/ See map, page 30, for location.

3/ Farmland to be rented to others.

4/ The question listed "Bonds", without reference to type. It is believed that most reporters answered in terms of government bonds.

5/ Includes 8 additional areas not listed above.

affect investment decisions. Any possible tax savings could be considered as part of the return to farmland, thus making it a more attractive investment than rental returns alone might indicate.

Net Return from Farmland

In order to obtain a basis for comparison of returns from farmland with other investments, reporters were also asked what rate of return they thought could be expected from farmland over the next few years. Although this provides only a subjective estimate which is probably influenced by returns in the last several years, area and national averages agree rather closely with calculated estimates of net rental returns. Reporter's estimates also were in line with known rates of interest on farm mortgages.

Nationally, reporters estimated that net return from rents (after property taxes and operating expenses) would average 6 percent. Rates of less than 5 percent were indicated for the northeast dairy, Lake States dairy, northwest dairy, and northern range livestock areas. Highest rates, averaging 7 percent or more were anticipated in the general farming, central cotton, and Gulf Coast areas, and in Florida. In these latter areas, and particularly in Florida, it seems probable that no clear distinction was made between rental returns and market appreciation. Nonfarm influences have played an important part for the last several years in pushing market prices higher than could be supported by agricultural income alone.

Many reporters in other areas also observed that long-term market appreciation could occur that would supplement annual rental income. This situation is not unlike the situation that prevails with industrial stocks that offer prospects of capital appreciation. Current earnings-price ratios are often low, and market prices reflect largely anticipated earnings. However, considerably more risk may be attached to this assumption when applied to farmland, except where nonfarm uses are anticipated, than in the case of an expanding industry.

SOURCE OF CREDIT TO PURCHASE FARMLAND

With 2 in 3 farm purchases being financed with borrowed funds, sources of credit in various parts of the country have become increasingly important in facilitating farm transfers. Estimates presented here show for the first time the extent to which sellers of farm property provide such credit, and the marked differences among areas in the use of credit from various institutional lenders for the purchase of farmland. 6/

Sellers Most Important Source of Credit to Purchase Farmland

Nationally, sellers (primarily individuals) provided all of the credit required to finance 37 percent of the credit-financed sales in the year ended

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6/ Sources of credit to finance the purchase of about 12,000 sales were reported by farm real estate dealers and other local reporters in the March 1955 and March 1956 surveys. Six sources of credit were listed: (1) Seller of the property, (2) other individuals, (3) commercial banks, (4) insurance companies, (5) Federal land banks, and (6) other lenders. Two or more sources of credit were reported for a small number of transfers. The resulting estimates shown in the maps and table that follow pertain only to credit used to finance farm purchases. They should not be compared directly with other data on farm mortgage recordings which show the total mortgage credit extended by various lenders for all purposes.

March 1, 1956 (fig. 3). This proportion ranged from less than 30 percent in the Corn Belt, Northeast, and eastern and western cotton areas, to more than half of all credit sales in the Mountain and Pacific Coast States (fig. 4).

Possibly a fourth to a half of the sales financed by sellers, particularly in the western areas, involve sales contracts rather than mortgages. Nearly 28 percent of all credit sales during the year ended March 1, 1956, involved debts of 75 percent or more of the purchase price. Many of these sales were on contract. The downpayment could not exceed 30 percent of the purchase price to qualify for special treatment of capital gains under the Federal tax law. It is also probable that some of the sales with high debt ratios are mortgage-financed with the buyer including land that he already owns as additional security. This is a common situation when farmers buy land for farm enlargement.

The high incidences of seller financing can be explained partly by the tax advantages of a contract sale. However, in some areas it may indicate the reluctance of conventional lenders to make farm mortgage loans in amounts sufficient to meet the needs of potential buyers with limited cash for downpayments. A seller who is under pressure to make a sale or is personally acquainted with the buyer and considers him a good risk, is frequently willing to accept a lower downpayment than other lenders. In other instances, the seller may prefer a sizable mortgage or contract to full cash payment because he is not familiar with other investments and considers the farm he previously owned to be the best security for his funds. Interest rates charged by individuals were found to compare favorably with the expected net rate of return from farmland when rented.

Local Banks Principal Credit Source in East

Nationally, about the same proportion of farm purchases were financed by commercial banks as by insurance companies (19 and 18 percent, respectively), but the two classes of lenders operate in different areas (figs. 5 and 6). Nearly half of the credit purchases in the northeast dairy area were financed by local banks. The general farming and tobacco areas also showed a relatively high frequency of financing by banks. In most farming areas west of the Mississippi River, banks financed less than 10 percent of all farm purchases.

The tendency for farm purchasers to use bank credit more frequently in the eastern areas than elsewhere may be explained by the factors that operate in both the supply and demand side of the credit market. On the demand side, farmers in these areas have traditionally used bank credit for short-term production loans, and when the need arises for credit with which to buy farmland, they frequently turn to the same source. On the supply side, local banks can often handle the needs of borrowers in these areas with greater facility than other institutional lenders. The average size of loans is relatively small, and long repayment terms are not required by borrowers. Also, greater weight must be given to the credit risk of the individual because the security of a loan depends upon the quality of management to a greater degree than in other areas.

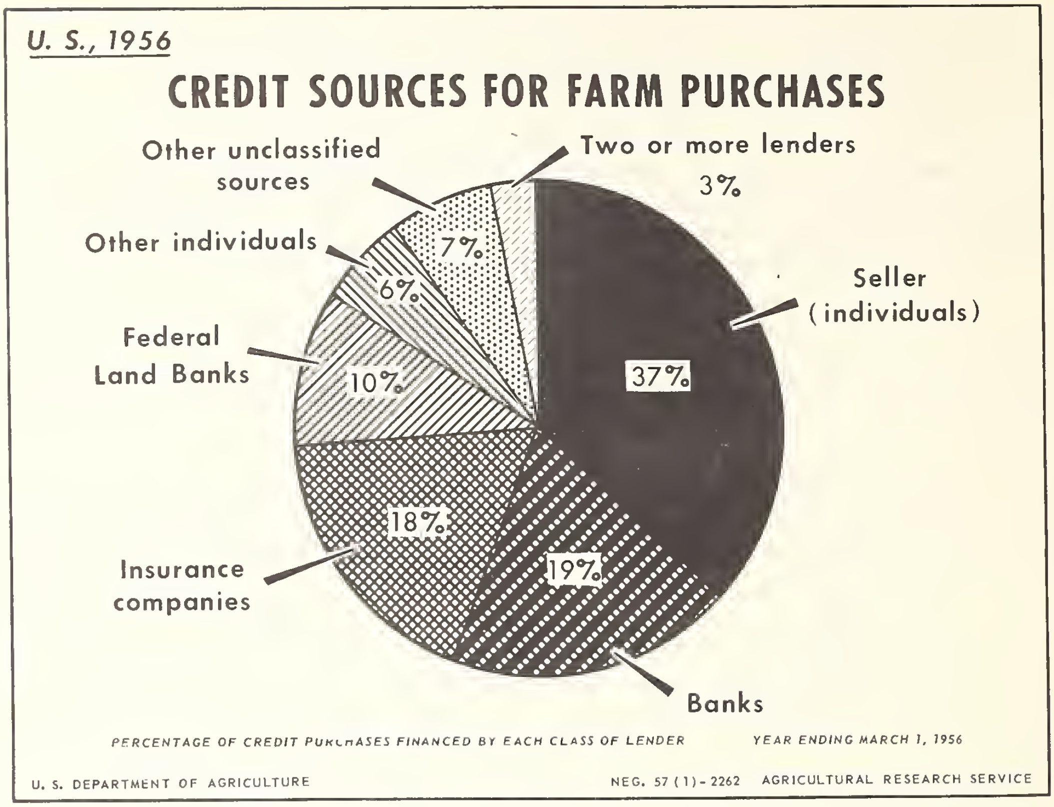


Figure 3

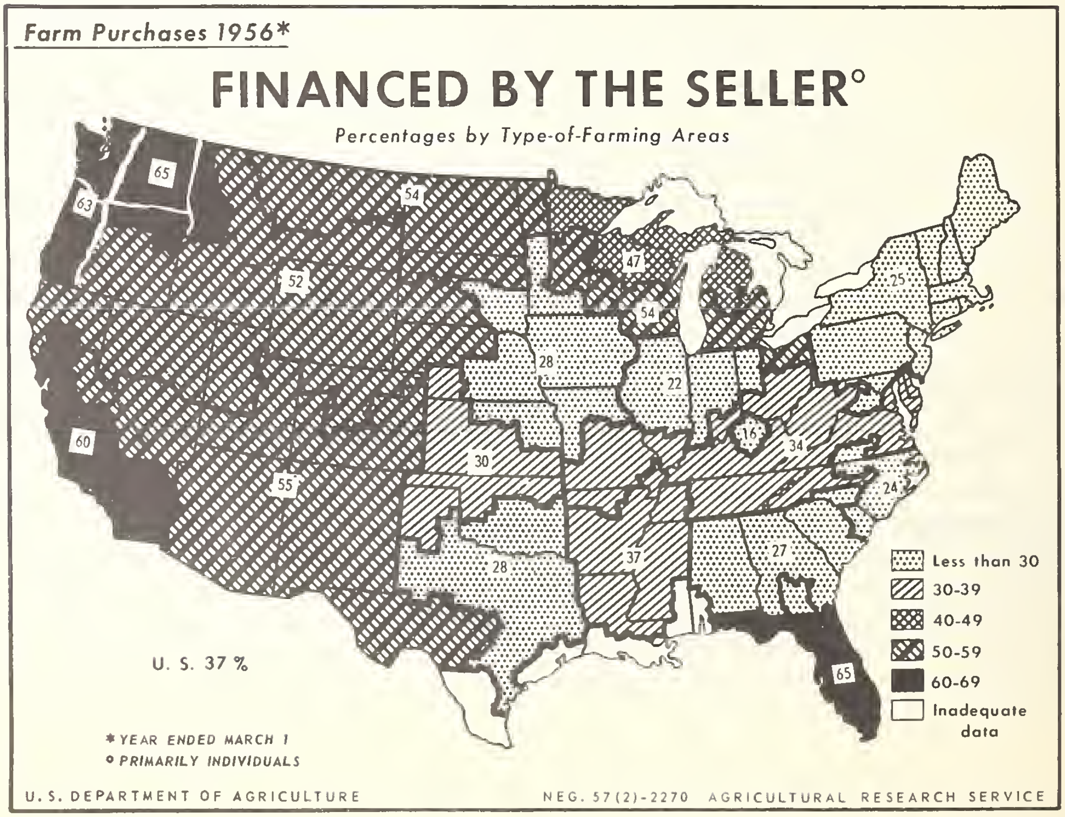
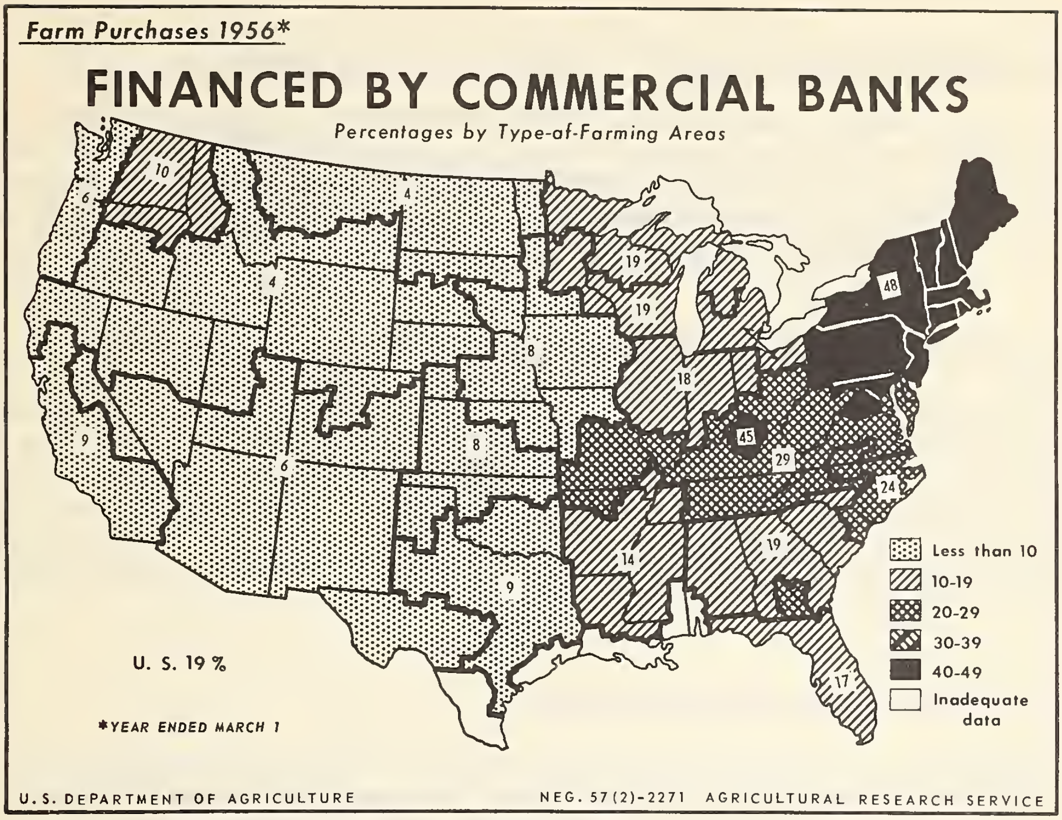


Figure 4



*Farm Purchases 1956**

FINANCED BY COMMERCIAL BANKS

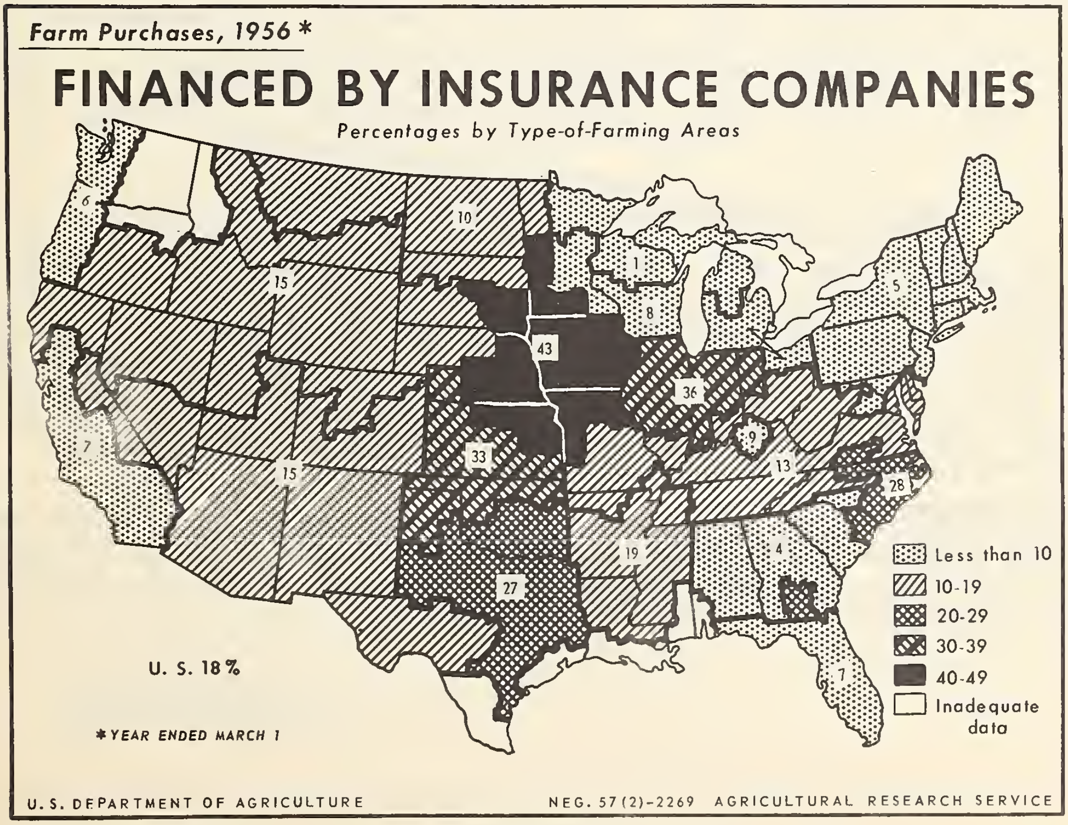
Percentages by Type-of-Farming Areas

U. S. 19 %

*YEAR ENDED MARCH 1

U.S. DEPARTMENT OF AGRICULTURE NEG. 57(2)-2271 AGRICULTURAL RESEARCH SERVICE

Figure 5



*Farm Purchases, 1956 **

FINANCED BY INSURANCE COMPANIES

Percentages by Type-of-Farming Areas

U. S. 18 %

*YEAR ENDED MARCH 1

U.S. DEPARTMENT OF AGRICULTURE NEG. 57(2)-2269 AGRICULTURAL RESEARCH SERVICE

Figure 6

Insurance Companies Lead as Credit Source in Central Areas

Traditionally, insurance companies have been most active in the farm mortgage field in those areas where average loans are large and risk is low. The Corn Belt, winter wheat, and central and western cotton areas showed the highest proportion of farm purchasers which were financed by insurance companies in both the 1955 and 1956 surveys.

A Tenth of Farm Purchases Financed by Federal Land Banks

Although the Federal land banks made about 18 percent of the total number of all farm mortgage loans in 1955, much of the proceeds of these loans was used to refinance existing mortgages or other indebtness, rather than to buy farm real estate. The eastern cotton area reported the highest proportion of all farm purchases that were financed by land-bank loans (24 percent), but elsewhere the proportion of credit buyers who used land-bank loans seldom exceeded 12 percent (fig. 7).

Debt-Ratio Largest When Seller-Financed

Purchases financed by the seller showed the highest average debt in relation to the purchase price (68 percent). 7/ Loans by commercial banks showed the next highest debt ratio, 53 percent, followed by Federal land banks, 52 percent, and insurance companies, 49 percent. The debt-ratio on sales financed by active farmer sellers was higher than on those financed by nonfarmer sellers in the northeast dairy, spring wheat, northern range livestock, California specialty, eastern cotton, and Florida type-of-farming areas. Ordinarily, nonfarmers were more inclined to finance the sale of their lands than were active farmers. Active farmers financed the buyer more frequently only in the eastern cotton, tobacco, and western range livestock areas.

Nonfarmer buyers were financed more frequently by sellers than farmer buyers in 6 of the 8 major area groupings (table 6). Farmer buyers were financed by sellers more frequently only in the western Corn Belt while they were seller-financed with equal frequency in the Lake States dairy area. There was some evidence that nonfarmers obtained funds from commercial banks more frequently than did farmer buyers. Conversely, farmers tended to borrow more frequently from insurance companies. Rather definite indications were present that farmer buyers in all areas used Federal land bank loans more frequently than did nonfarmer buyers.

7/ Many purchasers of farm real estate offer land that they already own as additional security for the land being purchased. Thus the ratio of debt to purchase price for purchases reported here is probably higher than it would be if loans were secured by only the land purchased.

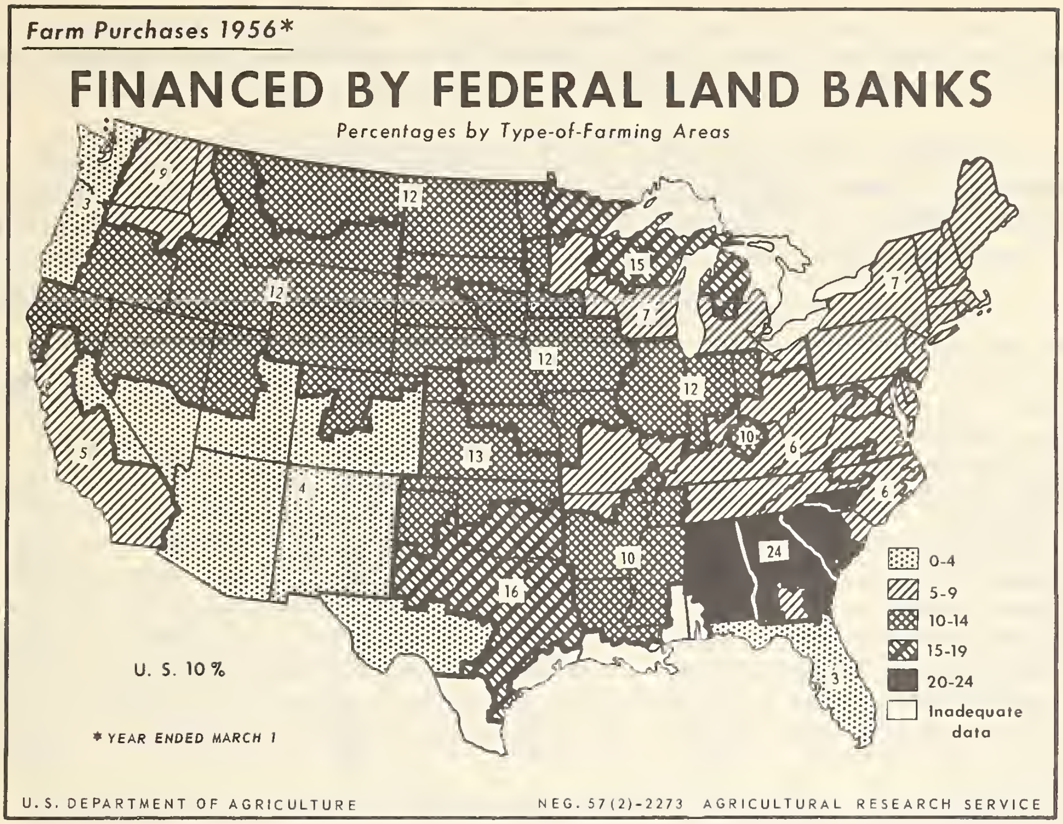


Figure 7

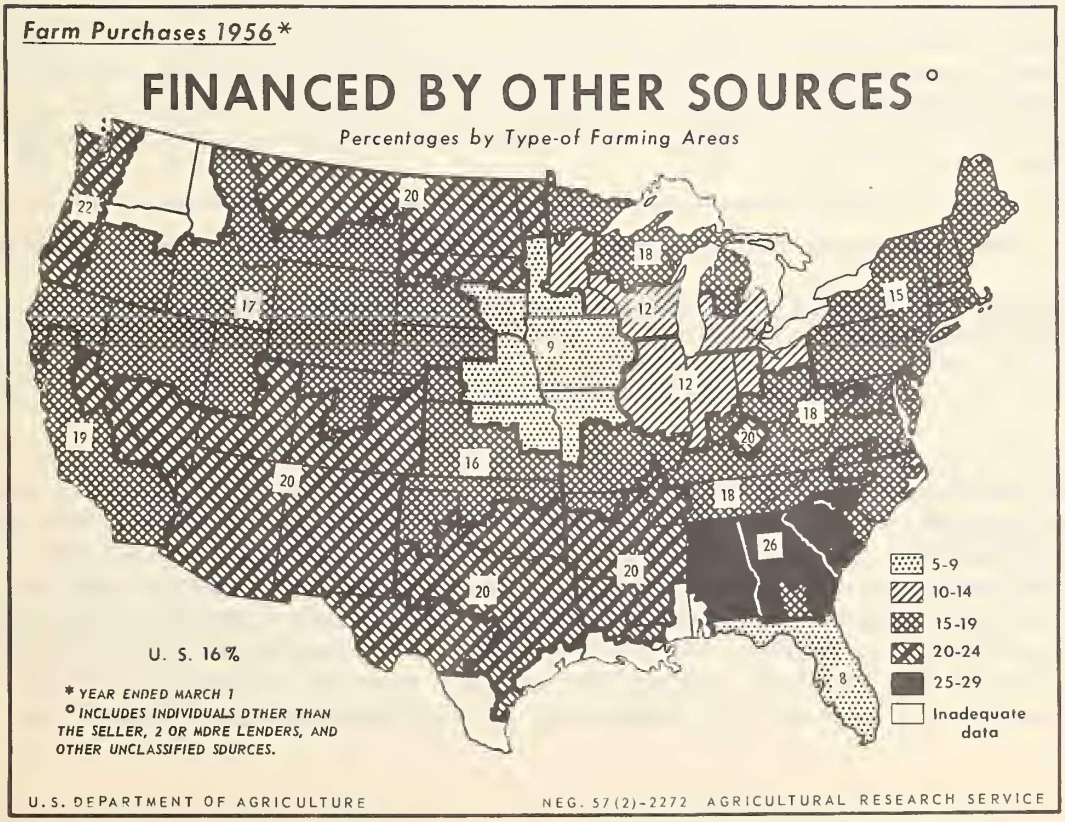

Farm Purchases 1956*
FINANCED BY OTHER SOURCES °
Percentages by Type-of Farming Areas
22
20
18
17
12
15
9
12
18
20
19
20
16
18
26
20
20
8
5-9
10-14
15-19
20-24
25-29
Inadequate data
U. S. 16%
* YEAR ENDED MARCH 1
° INCLUDES INDIVIDUALS OTHER THAN THE SELLER, 2 OR MORE LENDERS, AND OTHER UNCLASSIFIED SOURCES.
U.S. DEPARTMENT OF AGRICULTURE
NEG. 57(2)-2272
AGRICULTURAL RESEARCH SERVICE

Figure 8

Table 6.- Sources of credit used to finance farmland purchases: Percentage of farmer and nonfarmer buyers obtaining credit from specified sources, selected type-of-farming areas, year ending March 1, 1956 1/

Type-of-farming area and type of buyer	Credit source				
	Individual seller	Commercial banks	Insurance companies	Federal Land Banks	Other sources 2/
	Percent	Percent	Percent	Percent	Percent
Northeast dairy:					
Farmer	22	46	8	12	12
Nonfarmer	27	49	3	3	18
Lake States dairy:					
Farmer	55	18	9	8	10
Nonfarmer	55	21	6	4	14
General farming:					
Farmer	32	27	13	8	20
Nonfarmer	36	30	13	4	17
Eastern corn belt:					
Farmer	20	15	40	14	11
Nonfarmer	28	23	30	4	15
Western corn belt:					
Farmer	28	7	42	13	10
Nonfarmer	24	8	45	8	15
Winter wheat and western cotton:					
Farmer	27	8	32	16	17
Nonfarmer	33	11	22	11	23
Eastern and Central cotton:					
Farmer	25	15	20	16	24
Nonfarmer	50	18	4	13	15
Western range livestock:					
Farmer	51	4	14	12	19
Nonfarmer	53	3	15	4	25

1/ The nonfarmer group includes individuals who operate land by rental arrangements.

2/ Includes individuals other than the seller, 2 or more lenders, and other unclassified sources.

APPRAISAL PRACTICES OF FARM REAL ESTATE DEALERS

A farm real estate dealer or broker can, and often does, provide assistance in establishing asking prices for the properties he sells. He may also be called upon to make appraisals for other purposes. The success of his business often rests upon his ability to evaluate correctly local market conditions, and upon the accuracy of his judgment as to the probable market price that each property he handles will bring. The extent and quality of the appraisal service he performs, either for himself when he accepts a listing, or for the persons he serves, is, therefore, of considerable importance. An Ohio dealer made this observation: "Much inflation could be kept out of land prices if farm realtors would follow more systematic appraisal practices in arriving at the prices placed on the properties they handle."

About 1,400 farm real estate dealers responded to a question in the October 1956 survey which sought to learn how frequently they followed specific appraisal practices. 8/ No measure was obtained as to the thoroughness with which each practice was followed, or of the details of their appraisal procedures.

Most Dealers Inspect Property Listed For Sale

"I always inspect the listed property before showing it to any prospect", stated a Texas farm real estate dealer. Most dealers operate in the same way, as 84 percent of the 1,400 dealers cooperating indicated that they always inspected the property when it was listed for sale. The proportion who said they always made such an inspection varied from 99 percent of the reporters in the Lake States dairy area to 71 percent in the western Corn Belt. Only in the spring wheat area did less than 75 percent of the dealers always inspect the property. In 6 areas more than 90 percent of the dealers followed this practice. Nationally, 13 percent reported that they made an inspection occasionally, and only 3 percent indicated that they seldom did so.

The quality of these inspections was not learned. They might vary from a drive around the farm and taking a few pictures of choice features to a complete inspection that would involve some estimation of building quality, fences, field layout and topographic features. An Iowa dealer lists some of the things he checks: "I inspect the buildings, fencing and water facilities; check for terraces and for location with respect to roads and their quality and to school; determine the amount of tax paid; and get information about loans on the place, including the rate of interest, duration, method of payment of principal and interest, and who holds the loans".

Comparative Sales Method Used Frequently

Arriving at the probable market value of a particular farm by comparing it with others that have sold recently is an appraisal procedure that is widely used. The major limitation of such a procedure is that no two farm properties are strictly comparable, and subjective adjustments must be made for

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8/ Dealers were asked to indicate whether they "always", "occasionally" or "seldom" followed each of the following specific practices in arriving at their estimates of the market value of a farm listing: (1) Inspect the property; (2) compare price asked with prices similar farms have brought; (3) determine soil type and general level of productivity; (4) ask seller for farm records or estimates of past farm income; (5) and make their own detailed appraisal and estimate annual net income.

the differences. During a period of low sales activity, such as has prevailed for the last several years, it is often difficult to obtain a sufficient number of recent sales for reliable comparisons. Even so, the comparative method can serve as a check on appraisals made by other methods and, when analyzed carefully, can furnish a guide to the probable sales price.

Eighty-one percent of the dealers said they always made price comparisons of this kind. The proportion reporting this practice ranged from a low of 57 percent in the eastern tobacco area to a high of 91 percent in the Lake States dairy and eastern cotton areas. Most of those who said they did not always use this appraisal practice said that they did so occasionally. Only 4 percent said they seldom made price comparisons.

Determination of Productivity Less Frequent Practice

One step in appraising a farm is to determine the soil types and the general level of productivity. These data are essential for a more comprehensive appraisal that should seek to arrive at an estimation of probable net farm income. This may be only a general classification of soils on the basis of topography and physical appearance, or it may be a detailed listing of soil types from a soil survey previously made for the farm or county and an estimation of the typical production on each type. An approach somewhere between the two extremes is represented by the comments of an Iowa dealer, "I ask if leguminous crops have been grown; what the crop rotation has been; whether or not the soil has been tested and the results, if any, and if lime or phosphate has been added and how the land has been farmed."

Slightly more than 70 percent of the participating dealers said they always made some determination of soil type and general level of productivity. Approximately a fifth did so occasionally. This practice was reported less frequently than price comparisons in most areas. The range in the proportion of reports checked "always" was less than for either of the two preceding practices. Dealers in the tobacco areas were most inclined to determine soil type and productivity while those in the wheat, cotton and southern range livestock areas did so least frequently.

Farm Records Utilized Least

Many dealers believe that records of past income on a farm are less valuable as appraisal aids than is other information. Farm income depends in large part on the quality of management, which is difficult to measure. A Texas dealer states: "As to farm records, they are of little value, for where some would work hard and prosper on a poor farm, others would starve on a good one." Another type of difficulty in analyzing records of past production and income is the problem of assigning the correct proportion of the operator's income to a particular tract of land. A Minnesota reporter commented: "It is sometimes hard to get (accurate information on) annual income as so many farmers are working extra land. Also, small farmers are working out for extra income." History of a farm's income can be useful because it is an indication of what can be done on the farm. Whether such records show maximum, minimum, or intermediate levels of output must be ascertained.

Farm records are not utilized by farm real estate dealers to the extent that other appraisal practices are utilized. Only 35 percent reported that they always asked the seller for farm records or estimates of past farm income; 36 percent asked occasionally; the rest seldom sought such information. It was used less frequently than the other practices in all areas. The most frequent application was in Florida, California, and the southern range livestock area.

Complete Appraisal Made Frequently

More than three-fifths of farm real estate dealers said they made their own detailed appraisals and estimates of annual net income. The details considered in these appraisals were not given but no doubt the practices followed vary widely as to completeness and accuracy. Many dealers are, or have been, professional appraisers. Several dealers said they had found appraisals to be very helpful in making sales to the satisfaction of both buyers and sellers.

More than half of the reporters in all except one area always made appraisals. Nationally, 11 percent seldom estimated annual income with an appraisal. The practice of making complete appraisals was most common in Florida, California, and the tobacco and eastern cotton areas. Little variation was observed between the remaining areas.

Table 7.- Farm real estate: Index numbers of average value per acre, by States and farm production regions, November 1956, and selected dates 1/

(1947-49=100)

State and region	1940	1950	1953	1954	1955		1956		
					March	Nov.	March	July:	Nov.
Maine	69	95	111	109	104	109	107	110	114
New Hampshire	67	97	108	105	105	108	108	109	111
Vermont	58	101	113	107	104	108	107	107	111
Massachusetts	74	99	112	106	106	109	108	111	113
Rhode Island	66	101	111	109	108	112	112	116	120
Connecticut	65	100	111	109	111	115	115	118	122
New York	59	105	121	117	119	122	124	124	124
New Jersey	62	103	126	129	132	138	143	145	146
Pennsylvania	58	102	129	130	134	142	143	146	147
Delaware	55	98	123	124	130	132	135	138	144
Maryland	50	99	129	129	136	139	140	144	150
Northeast	60	102	122	121	123	128	130	131	133
Ohio	46	101	134	132	141	148	151	155	158
Indiana	44	103	138	137	147	154	154	157	162
Illinois	50	108	140	139	142	149	149	2/ 153	157
Iowa	51	108	128	125	133	137	136	137	141
Missouri	50	106	132	123	130	137	134	2/ 141	145
Corn Belt	49	106	134	132	139	145	144	2/ 147	151
Michigan	46	100	126	128	133	141	141	144	146
Wisconsin	58	101	119	113	113	117	117	117	122
Minnesota	55	109	134	127	135	147	145	2/ 149	154
Lake States	54	104	127	122	127	135	135	2/ 137	141
Virginia	48	101	134	129	135	142	143	146	148
West Virginia	58	95	113	107	110	115	117	119	123
North Carolina	43	106	138	133	140	145	146	149	151
Kentucky	42	102	123	116	115	119	115	118	122
Tennessee	42	103	125	116	118	121	121	124	127
Appalachian	44	103	129	123	126	130	130	133	136
South Carolina	43	97	119	120	121	124	126	129	133
Georgia	45	99	136	134	138	141	145	149	152
Florida	57	97	123	134	141	146	157	162	173
Alabama	47	101	131	125	125	130	134	137	138
Southeast	48	99	128	129	132	136	141	145	150

See footnotes at end of table.

-Continued

Table 7.- Farm real estate: Index numbers of average value per acre, by States and farm production regions, Nov. 1956, and selected dates 1/- Continued

(1947-49=100)

State and region	1940	1950	1953	1954	1955		1956		
					March	Nov.	March	July	Nov.
Mississippi	46	106	139	135	137	142	147	150	154
Arkansas	40	105	128	124	126	129	132	137	141
Louisiana	57	105	130	132	138	142	146	151	155
Delta States	46	104	131	129	132	136	140	144	148
Oklahoma	50	108	133	128	136	140	138	2/ 142	145
Texas	55	102	134	133	137	139	139	142	146
Southern Plains	54	103	133	132	137	139	139	142	145
North Dakota	48	107	136	134	132	139	136	139	145
South Dakota	47	111	140	135	139	2/139	140	140	143
Nebraska	47	104	136	127	134	136	133	134	134
Kansas	45	106	133	125	129	136	133	132	133
Northern Plains	46	107	135	129	133	137	135	135	136
Montana	43	104	144	142	146	152	152	155	158
Idaho	43	107	138	136	142	144	146	148	153
Wyoming	40	100	128	123	123	2/122	123	2/ 122	120
Colorado	37	104	130	128	128	127	124	123	121
New Mexico	36	107	136	135	136	137	137	138	135
Arizona	40	99	136	135	137	141	144	144	141
Utah	49	107	137	133	137	136	139	2/ 133	131
Nevada	49	99	129	137	139	139	142	143	143
Mountain	41	104	136	134	136	138	138	2/ 138	138
Washington	45	101	134	132	137	142	140	143	147
Oregon	41	99	127	123	128	129	130	132	135
California	42	94	125	122	128	2/132	137	140	144
Pacific	42	96	127	124	130	2/133	137	139	143
United States	49	103	132	128	133	2/138	138	140	143

1/ All farmlands with improvements as of March 1, except as indicated.

2/ Revised.

Table 8.- Farm real estate: Index numbers of average value per acre by States and geographic divisions, Nov. 1956, and selected dates [1]

(1912-14=100)

State and division	1920	1930	1950	1954	1955		1956		
					March	Nov.	March	July	Nov.
Maine	142	124	132	152	145	151	148	153	158
New Hampshire	129	111	136	147	147	152	152	154	157
Vermont	150	123	176	186	181	188	186	187	194
Massachusetts	140	131	152	163	161	166	164	170	172
Rhode Island	130	134	184	200	197	204	204	212	218
Connecticut	137	140	191	209	213	220	220	225	233
New England	140	127	157	171	169	175	173	178	182
New York	133	103	152	170	172	176	179	179	179
New Jersey	130	125	194	243	249	260	270	275	276
Pennsylvania	140	107	157	200	206	219	222	225	227
Mid. Atlantic	136	106	157	189	194	202	205	207	208
Ohio	159	90	167	220	234	246	252	258	262
Indiana	161	80	174	232	249	260	260	264	273
Illinois	160	91	162	209	213	224	224 [2]	229	235
Michigan	154	121	198	252	263	278	279	284	289
Wisconsin	171	117	145	162	162	169	169	168	176
E. N. Central	161	96	166	211	219	230	231 [2]	235	241
Minnesota	213	133	169	196	210	228	225 [2]	231	238
Iowa	213	113	158	183	195	201	198	200	206
Missouri	167	92	124	145	153	161	158 [2]	165	170
North Dakota	145	95	115	144	142	149	147	150	155
South Dakota	181	93	97	117	121 [2]	121	122	122	125
Nebraska	179	113	130	159	167	170	165	168	167
Kansas	151	113	169	198	205	217	212	210	211
W. N. Central	184	109	142	169	177	184	181 [2]	183	187
Delaware	139	111	158	199	210	213	217	223	232
Maryland	166	123	199	259	273	279	282	290	301
Virginia	189	134	235	300	313	329	332	339	343
West Virginia	154	105	139	157	161	168	172	175	181
North Carolina	223	158	341	428	451	468	471	479	485
South Carolina	230	104	203	249	253	258	263	270	278
Georgia	217	100	181	246	252	258	265	272	278
Florida	178	172	226	313	328	340	366	379	404
S. Atlantic	199	127	224	288	300	310	317	325	334

See footnotes at end of table.

- Continued

Table 8.- Farm real estate: Index numbers of average value per acre, by States and geographic divisions, Nov. 1956, and selected dates 1/ -Continued

(1912-14=100)

State and division	1920	1930	1950	1954	1955		1956		
					March	Nov.	March	July	Nov.
Kentucky	200	127	272	312	308	319	309	316	327
Tennessee	200	123	265	298	303	311	312	318	328
Alabama	177	143	260	320	321	335	345	351	355
Mississippi	218	122	244	312	317	327	340	347	355
E. S. Central	199	128	263	310	311	322	323	329	338
Arkansas	222	141	247	293	297	305	312	322	333
Louisiana	198	132	221	279	291	300	308	319	326
Oklahoma	166	127	202	240	254	261	259	2/265	271
Texas	174	138	184	240	248	250	250	257	263
W. S. Central	177	136	192	245	254	258	258	265	271
Montana	126	82	132	181	186	193	193	197	201
Idaho	172	130	230	293	307	310	314	320	329
Wyoming	177	111	183	225	225	2/223	224	2/223	220
Colorado	141	89	161	198	198	197	193	190	188
New Mexico	144	112	232	294	295	297	297	301	293
Arizona	165	139	218	200	304	312	318	318	313
Utah	167	125	179	223	229	228	233	2/222	219
Nevada	135	98	132	183	186	186	190	192	192
Mountain	148	103	175	225	229	232	232	2/233	233
Washington	139	113	210	274	285	296	291	298	306
Oregon	129	111	176	218	226	229	230	233	238
California	167	164	220	287	301	2/309	322	328	338
Pacific	157	147	212	274	287	2/295	303	308	317
United States	173	114	174	216	224	231	232	2/236	241

1/ All farmlands with improvements as of March 1, except as indicated.
2/ Revised

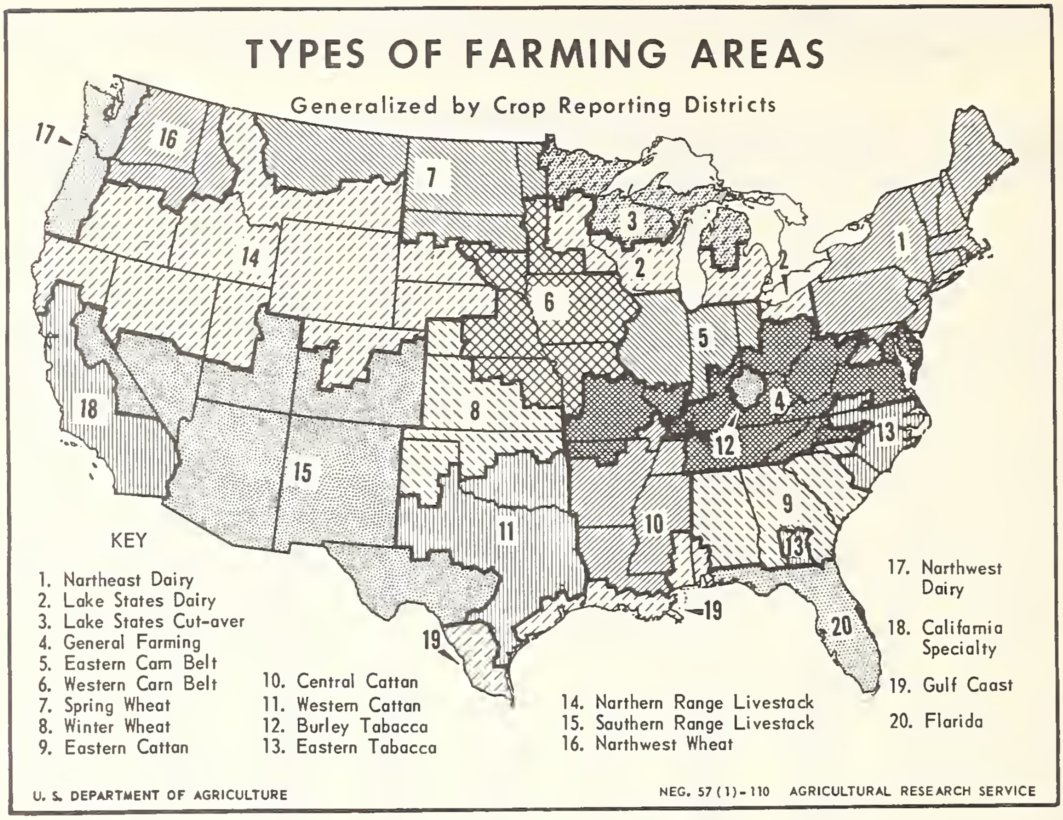

Figure 9

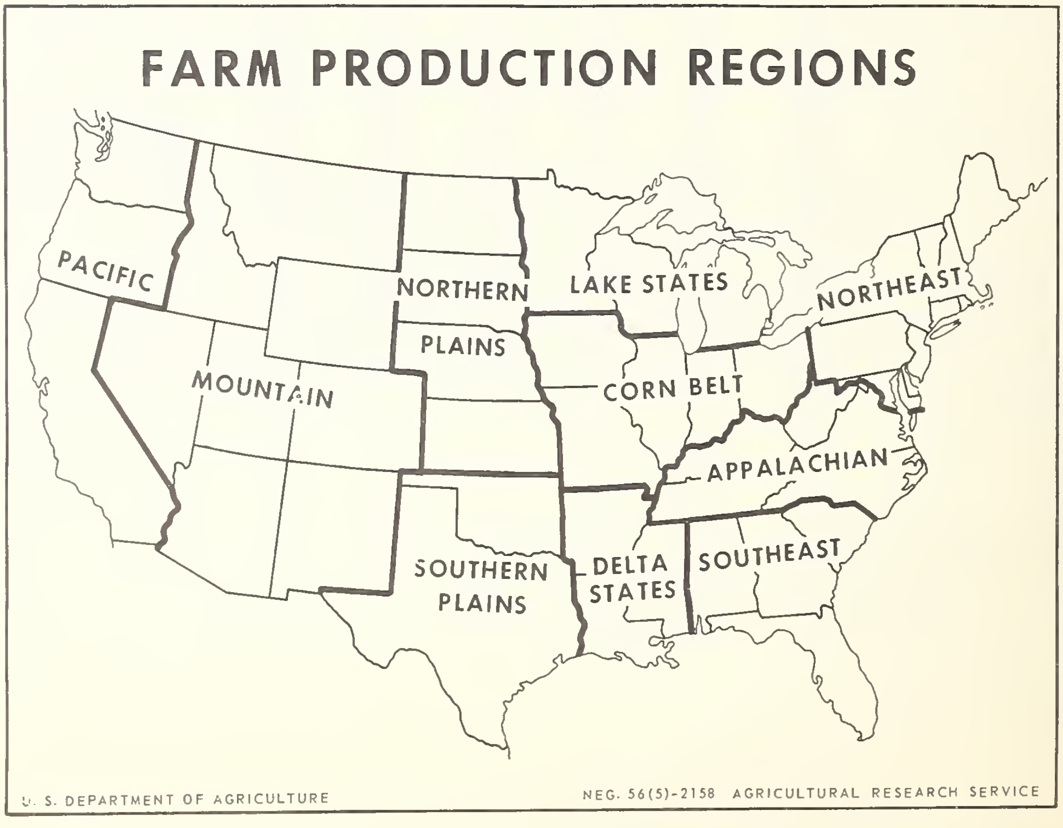

Figure 10

U. S. GOVERNMENT PRINTING OFFICE : 1957 O—421589

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE $300

ARS 43-46------4/57-------4,000